

\$0 Stock Trades

Options Trades
\$3.50/trade +
60¢/contract


zecco
.com

Zecco Trading, a division of
Equinox Securities. Member NASD/SIPC.

CNNMoney.com

 **PRINT THIS**

Powered by  **Clickability**

 Click to Print

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Personal bankruptcies soar to all-time high

Bankruptcies jumped 30% to nearly 2.1 million last year as debtors rushed to file petitions before new restrictions took effect.

March 24, 2006: 4:36 PM EST

NEW YORK (CNNMoney.com) - The number of Americans filing for bankruptcy jumped 30 percent last year to the highest on record as debtors rushed to file petitions before new restrictions took effect, according to the Administrative Office of the U.S. Courts.

Personal bankruptcies filed in the federal courts totaled 2,078,415 in 2005, up from 1,597,462 petitions filed in 2004, the office said in a statement on its Web site Friday.

It was the largest number of bankruptcy petitions ever filed in any 12-month period in the history of the federal courts, according to the office, which collects information for the federal judiciary.

Bankruptcy filings for the period between Oct. 1 and Dec. 31, 2005, also hit a record high for any quarter, the office said.

The increase was largely in response to the passage of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which went into effect on Oct. 17, 2005.

Under the new law, it became harder for individuals to file for bankruptcy under Chapter 7, which would let them clear their debts and get what's known as a "fresh start."

The law made it more likely that debtors file under Chapter 13, which requires them to repay at least some of their debts within five years.

In a Chapter 7 bankruptcy, your assets, minus those exempted by your state, are liquidated and given to creditors, and many of your remaining debts are cancelled. Since many Chapter 7 filers don't have assets that qualify for liquidation, credit-card companies and other creditors can get nothing.

In a Chapter 13 bankruptcy, you're put on a repayment plan of up to five years. Any debts not addressed by the repayment plan don't have to be paid.

Of the total number of bankruptcy filings, there were 1.7 million Chapter 7 filings, up 46 percent from 1.1 million in 2004.



Presented by 

CLICK TO LEARN MORE

 Presented by 

Chapter 13 filings fell 8 percent.

For more on what you should know about the law, [click here](#). ■

Find this article at:

http://money.cnn.com/2006/03/24/pf/personal_bankruptcies/index.htm

 [Click to Print](#)

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

© 2007 Cable News Network LP, LLP.